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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/282,156	03/31/1999	SAM E. KINNEY JR.	046700-5003	8244

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MORGAN LEWIS & BOCKIUS LLP  
1111 PENNSYLVANIA AVENUE NW  
WASHINGTON, DC 20004

EXAMINER

KYLE, CHARLES R

ART UNIT

PAPER NUMBER

3624

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Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Interview Summary</b>	Application No. 09/282,156	Applicant(s) KINNEY ET AL.	
	Examiner Charles Kyle	Art Unit 2164	

All participants (applicant, applicant's representative, PTO personnel):

- (1) Charles Kyle. (3) Daniel Golub.  
 (2) Vincent Millin. (4) Abe Hershkowitz.

Date of Interview: 25 March 2002.

Type: a) ☐ Telephonic b) ☐ Video Conference  
 c) ☒ Personal [copy given to: 1) ☐ applicant 2) ☐ applicant's representative]

Exhibit shown or demonstration conducted: d) ☒ Yes e) ☐ No.  
 If Yes, brief description: See Continuation Sheet.

Claim(s) discussed: \_\_\_\_\_.

Identification of prior art discussed: \_\_\_\_\_.

Agreement with respect to the claims f) ☐ was reached. g) ☐ was not reached. h) ☐ N/A.

Substance of Interview including description of the general nature of what was agreed to if an agreement was reached, or any other comments: See above.

(A fuller description, if necessary, and a copy of the amendments which the examiner agreed would render the claims allowable, if available, must be attached. Also, where no copy of the amendments that would render the claims allowable is available, a summary thereof must be attached.)

i) ☐ It is not necessary for applicant to provide a separate record of the substance of the interview (if box is checked).

Unless the paragraph above has been checked, THE FORMAL WRITTEN REPLY TO THE LAST OFFICE ACTION MUST INCLUDE THE SUBSTANCE OF THE INTERVIEW. (See MPEP Section 713.04). If a reply to the last Office action has already been filed, APPLICANT IS GIVEN ONE MONTH FROM THIS INTERVIEW DATE TO FILE A STATEMENT OF THE SUBSTANCE OF THE INTERVIEW. See Summary of Record of Interview requirements on reverse side or on attached sheet.

  
**VINCENT MILLIN**  
**SUPERVISORY PATENT EXAMINER**  
**TECHNOLOGY CENTER 3800**

Examiner Note: You must sign this form unless it is an Attachment to a signed Office action.

\_\_\_\_\_  
 Examiner's signature, if required

## Summary of Record of Interview Requirements

### Manual of Patent Examining Procedure (MPEP), Section 713.04, Substance of Interview Must be Made of Record

A complete written statement as to the substance of any face-to-face, video conference, or telephone interview with regard to an application must be made of record in the application whether or not an agreement with the examiner was reached at the interview.

### Title 37 Code of Federal Regulations (CFR) § 1.133 Interviews

#### Paragraph (b)

In every instance where reconsideration is requested in view of an interview with an examiner, a complete written statement of the reasons presented at the interview as warranting favorable action must be filed by the applicant. An interview does not remove the necessity for reply to Office action as specified in §§ 1.111, 1.135. (35 U.S.C. 132)

#### 37 CFR §1.2 Business to be transacted in writing.

All business with the Patent or Trademark Office should be transacted in writing. The personal attendance of applicants or their attorneys or agents at the Patent and Trademark Office is unnecessary. The action of the Patent and Trademark Office will be based exclusively on the written record in the Office. No attention will be paid to any alleged oral promise, stipulation, or understanding in relation to which there is disagreement or doubt.

The action of the Patent and Trademark Office cannot be based exclusively on the written record in the Office if that record is itself incomplete through the failure to record the substance of interviews.

It is the responsibility of the applicant or the attorney or agent to make the substance of an interview of record in the application file, unless the examiner indicates he or she will do so. It is the examiner's responsibility to see that such a record is made and to correct material inaccuracies which bear directly on the question of patentability.

Examiners must complete an Interview Summary Form for each interview held where a matter of substance has been discussed during the interview by checking the appropriate boxes and filling in the blanks. Discussions regarding only procedural matters, directed solely to restriction requirements for which interview recordation is otherwise provided for in Section 812.01 of the Manual of Patent Examining Procedure, or pointing out typographical errors or unreadable script in Office actions or the like, are excluded from the interview recordation procedures below. Where the substance of an interview is completely recorded in an Examiners Amendment, no separate Interview Summary Record is required.

The Interview Summary Form shall be given an appropriate Paper No., placed in the right hand portion of the file, and listed on the "Contents" section of the file wrapper. In a personal interview, a duplicate of the Form is given to the applicant (or attorney or agent) at the conclusion of the interview. In the case of a telephone or video-conference interview, the copy is mailed to the applicant's correspondence address either with or prior to the next official communication. If additional correspondence from the examiner is not likely before an allowance or if other circumstances dictate, the Form should be mailed promptly after the interview rather than with the next official communication.

The Form provides for recordation of the following information:

- Application Number (Series Code and Serial Number)
- Name of applicant
- Name of examiner
- Date of interview
- Type of interview (telephonic, video-conference, or personal)
- Name of participant(s) (applicant, attorney or agent, examiner, other PTO personnel, etc.)
- An indication whether or not an exhibit was shown or a demonstration conducted
- An identification of the specific prior art discussed
- An indication whether an agreement was reached and if so, a description of the general nature of the agreement (may be by attachment of a copy of amendments or claims agreed as being allowable). Note: Agreement as to allowability is tentative and does not restrict further action by the examiner to the contrary.
- The signature of the examiner who conducted the interview (if Form is not an attachment to a signed Office action)

It is desirable that the examiner orally remind the applicant of his or her obligation to record the substance of the interview of each case unless both applicant and examiner agree that the examiner will record same. Where the examiner agrees to record the substance of the interview, or when it is adequately recorded on the Form or in an attachment to the Form, the examiner should check the appropriate box at the bottom of the Form which informs the applicant that the submission of a separate record of the substance of the interview as a supplement to the Form is not required.

It should be noted, however, that the Interview Summary Form will not normally be considered a complete and proper recordation of the interview unless it includes, or is supplemented by the applicant or the examiner to include, all of the applicable items required below concerning the substance of the interview.

A complete and proper recordation of the substance of any interview should include at least the following applicable items:

- 1) A brief description of the nature of any exhibit shown or any demonstration conducted,
- 2) an identification of the claims discussed,
- 3) an identification of the specific prior art discussed,
- 4) an identification of the principal proposed amendments of a substantive nature discussed, unless these are already described on the Interview Summary Form completed by the Examiner,
- 5) a brief identification of the general thrust of the principal arguments presented to the examiner,  
(The identification of arguments need not be lengthy or elaborate. A verbatim or highly detailed description of the arguments is not required. The identification of the arguments is sufficient if the general nature or thrust of the principal arguments made to the examiner can be understood in the context of the application file. Of course, the applicant may desire to emphasize and fully describe those arguments which he or she feels were or might be persuasive to the examiner.)
- 6) a general indication of any other pertinent matters discussed, and
- 7) if appropriate, the general results or outcome of the interview unless already described in the Interview Summary Form completed by the examiner.

Examiners are expected to carefully review the applicant's record of the substance of an interview. If the record is not complete and accurate, the examiner will give the applicant an extendable one month time period to correct the record.

### Examiner to Check for Accuracy

If the claims are allowable for other reasons of record, the examiner should send a letter setting forth the examiner's version of the statement attributed to him or her. If the record is complete and accurate, the examiner should place the indication, "Interview Record OK" on the paper recording the substance of the interview along with the date and the examiner's initials.

Continuation of Exhibit shown or demonstration conducted, If Yes, brief description: Applicants papers supporting amendments to specification and claims. The particular drawings elements and other originally filed text provide support for amendments. These papers are provided as a attachment with notations indicating that these proposed amendments are proper and were supported by the disclosure at the filing date.

<u>Amended Language To Be Inserted</u>	<u>Support</u>
<p>Amended Title:</p> <p><b>METHOD AND SYSTEM FOR CONDUCTING ELECTRONIC AUCTIONS WITH <u>NET PRESENT VALUE BIDDING</u></b></p>	<p>See, e.g., page 11, lines 11-18 (“...the transformation process can use multiple non-comparative bid parameters to create a buyer comparative bid parameter. In this case, no supplier comparative bid parameters are used to create supplier specific views. All parties view the competition in the same context. An example of this scenario is <u>net present value (NPV) bidding</u>, where parameters specifying multi-year contracts are converted into a total NPV bid. <u>The total NPV bid represents a sum of a series of payments over multiple contract years, which are discounted to a present value using a predefined discount rate structure.</u>”)</p> <p>See also, e.g., page 21, lines 8-11 (“As noted above, the transformation process can also be used in a context where only a single view of the auction is available. Here, the buyer and each of the participating suppliers each view the auction based on the buyer comparative bid parameter (e.g., <u>NPV bidding</u>).”)</p> <p>See also, claim 66 (“... wherein said means for generating generates a <u>net present value bid</u> using a predefined discount rate structure and received multi-segment parameters, said <u>net present value bid</u> representing a sum of a series of payments over a plurality of contract term segments which are discounted to a present value using said predefined discount rate structure.”)</p> <p>See also, claim 70 (“...generating a <u>net present value bid</u> using a predefined discount rate structure and received multi-segment parameters, said <u>net present value bid</u> representing a sum of a series of payments over a plurality of contract term segments which are discounted to a present</p>

	value using said predefined discount rate structure.”)
<p>New Summary of the Invention</p> <p>A buyer first defines a lot of products sought to be purchased. The lot of products includes individual line items, one or more of which are sought to be purchased. Based upon the lot specification, participating suppliers submit bids ...</p> <p>each of which corresponds to a series of payments over time. Each series of payments is then converted into a total net present value (NPV) bid. In one embodiment, bid information for each contract segment of a multi-segment contract is used to determine a total NPV bid. For example, bid information for each year of a multi-year contract is used to determine a total NPV bid. The total NPV bid represents a sum of a series of payments over multiple contract years, which are discounted to a present value using a predefined discount rate structure.</p>	<p>See, e.g., page 4, lines 26-29, page 5, lines 12-18 and page 6, lines 1-2 (“The supplier-bidding model requires that <u>the bidding product or service be defined by the buyer 10</u>. An auction coordinator works with buyers 10 to prepare for and conduct an auction and to define the potentially new supply relationships resulting from the auction. ... In the RFQ phase 104, the coordinator 20 works with the buyer 10 to prepare a Request For Quotation (“RFQ”) 54. ... <u>In the RFQ 54, buyer 10 aggregates similar part or commodity line items into job “lots.” These lots allow suppliers 30 [to] submit bids at the line item level, ... In the Auction phase 108, suppliers 30 submit bids 58 on the lots ....”</u>)</p> <p>See, e.g., page 11, lines 14-18 (“...An example of this scenario is <u>net present value (NPV) bidding, where parameters specifying multi-year contracts are converted into a total NPV bid. The total NPV bid represents a sum of a series of payments over multiple contract years, which are discounted to a present value using a predefined discount rate structure.”</u>)</p> <p>See also, claim 70 (“...generating a <u>net present value bid</u> using a predefined discount rate structure and received multi-segment parameters, said <u>net present value bid representing a sum of a series of payments over a plurality of contract term segments which are discounted to a present value using said predefined discount rate structure.”</u>)</p> <p>See also, Figs. 5 and 6, which illustrate the net present value bid calculation for a multi-year contract.</p>

NPV bid information received from all of the participating suppliers is fed back to each of the participating suppliers.



See, e.g., page 7, lines 5-7 ("Bids placed by a supplier are broadcast to all connected bidders thereby enabling every participating bidder to see quickly the change in market conditions and begin planning their competitive responses.")

See also, page 15, lines 19-22 ("Having received a bid from a participating supplier, the auction server must then broadcast market feedback to other participating suppliers. This broadcast function creates a real-time online competition between suppliers who are able to view the activities of their competitors and plan their corresponding strategy.")

#### Changes to Brief Description of the Drawings

OK Fig. 5 illustrates ~~an example of a multi-year bid that uses annual percentage discounts.~~

*Multi-year annual percentage discounts*

Fig. 6 illustrates the calculation of a total net present value bid using the first year bid, the quantity, and the annual-percentage discounts.

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Fig. 7 illustrates a net present value bid history graph.

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In Fig. 5, column 550 indicates that the contract is 4 years (i.e., a "multi-year" contract). Columns 561, 562 and 563 show different percentage discounts for later contract years.

In Fig. 6, column 660 shows net present value (NPV) bids relating to a four-year contract having the five line items (LI#) shown in column 610. For each line item, columns 630 and 640 show a quantity per year and bid per unit. For each line item, the bid for the first year of the contract (i.e., "Year 1") is shown in column 651 and corresponds to the multiplication product of the corresponding quantity and bid per unit values shown in columns 630 and 640. For each line item, discounted prices for subsequent contract years are shown in columns 652, 653 and 654 for Year 2, Year 3 and Year 4, respectively.

The top of Fig. 7 states "NPV Bid History Graph."

<p>Fig. 8 illustrates a net present value bid history table.</p> <p><i>OK</i></p>	<p>Fig. 8 shows NPV bids (last column) over different times (middle column) from different bidders (first column.) The information is shown in table format.</p>
<p>Additional text starting at page 11, line 22:</p> <p>Fig. 5 illustrates an example of a multi-year bid that uses annual percentage discounts.</p> <p><i>OK</i> <i>Chavez</i> <i>isfu</i></p> <p>As noted above, bidding typically occurs on the lot level, with the suppliers specifying the pricing of individual line items.</p> <p><i>OK</i></p> <p>Individual line items are defined by columns 510, 520, 530, and 540, which specify the line item number, the part number, the quantity of the item per year, and the bid price per unit, respectively. In the example of Fig. 5, each of the line items in the lot of products is specified in column 550 as having a term length of 4 years.</p>	<p>In Fig. 5, column 550 indicates that the contract is 4 years (i.e., a “<u>multi-year</u>” contract). Columns 561, 562 and 563 shows different <u>percentage discounts</u> for later contract years.</p> <p>See, e.g., page 5, lines 12-18 and page 6, lines 1-2 (“In the RFQ phase 104, the coordinator 20 works with the buyer 10 to prepare a Request For Quotation (“RFQ”) 54. ... <u>In the RFQ 54, buyer 10 aggregates similar part or commodity line items into job “lots.” These lots allow suppliers 30 [to] submit bids at the line item level, ... In the Auction phase 108, suppliers 30 submit bids 58 on the lots ....”</u>)</p> <p>In Fig. 5, the top of column 510 is entitled “<u>LI#</u>” or line item number; the top of column 520 is entitled “<u>Part Num</u>” or part number; the top of column 530 is entitled “<u>Quantity/year</u>”; and the top of column 540 is entitled “<u>Bid/unit</u>.” In Fig. 5, the top of column 550 is entitled “<u># of Years</u>” and each entry in that column is “4.”</p>
<p>The percentage discount rates for each of the individual years are listed in sub-columns 561-563 where appropriate.</p> <p><i>OK</i> <i>OK</i></p> <p>Consider line item number 1. Line item number 1 defines a four-year term for the supply of 50,000 units per year at a price of \$10/unit.</p>	<p>In Fig. 5, column 560 (which includes columns 561, 562, 563) is entitled “<u>Price Discount By Year of Contract</u>.”</p> <p>In Fig. 5, line item #1 is shown as having a 4-year term (column 550), at 50,000 units per year (column 530), and at a price of \$10/unit (column 540).</p>



The cost of the first year of the supply contract is therefore \$500,000.

OK

Sub-columns 561, 562, and 563 specify the percentage discount rates for Year 2, Year 3 and Year 4 of the supply contract, respectively. The discount rates of 5%, 4%, and 3% are shown for Year 2, Year 3 and Year 4 of the supply contract, respectively.

Columns 610, 620, 630, and 640 of Fig. 6 include the information of columns 510, 520, 530, and 540 of Fig. 5. Thus, the calculation in Fig. 6 is based upon the bidding parameters defined in the example of Fig. 5.

As shown in columns 651, 652 and 653 of Fig. 6, for line item #1, the 5% discount for the second year of the contract yields a cost of \$475,000, the further 4% discount for the third year of the contract yields a cost of \$456,000, and the further 3% discount for the fourth year of the contract yields a cost of \$442,320.

In the present invention, the cash flow pattern over multiple contract years is translated to a net present value based upon a defined percentage discount rate structure.

For line item #1 in Fig. 6, the \$500,000 bid for the first year of the contract (i.e., "Year 1") is shown in column 651, and corresponds to the multiplication product of the corresponding quantity and bid per unit values shown in columns 630 and 640. Note, the parameters in columns 610, 620, 630 and 640 of Fig. 6 correspond identically to that of columns 510, 520, 530 and 540, respectively, of Fig. 5. The calculation in Fig. 6 is thus based on the same parameters shown in Fig. 5.


In Fig. 5, column 560 (which includes columns 561, 562, 563) is entitled "Price Discount By Year of Contract." Columns 561, 562 and 563 are each respectively entitled "2," "3" and "4." In line item #1 of Fig. 5, discount rates of 5%, 4%, and 3% are shown for Year 2 (column 561), Year 3 (column 562) and Year 4 (column 563) of the supply contract, respectively.

The parameters in columns 610, 620, 630 and 640 of Fig. 6 correspond identically to that of columns 510, 520, 530 and 540, respectively, of Fig. 5. The calculation in Fig. 6 is thus based on the same parameters shown in Fig. 5.

For line item #1 in Fig. 6, the recited discounted prices for the subsequent contract years are expressly shown in columns 652, 653 and 654 for Year 2, Year 3 and Year 4, respectively.

See, e.g., page 11, lines 14-18 ("...An example of this scenario is net present value (NPV) bidding, where parameters specifying multi-year contracts are converted into a total NPV bid. The total

<p>OK In the example of Fig. 6, column 650 includes <del>cash-flow</del> pattern data for each year of the contract.</p> <p>OK The value for Year 1 of the contract for a particular line item corresponds to the quantity per year value of column 630 multiplied by the bid price per unit value of column 640. For example, the payment for Year 1 of the contract for line item #1 would be 50,000 units X \$10/unit = \$500,000.</p>	<p>NPV bid represents a sum of a series of payments over multiple contract years, which are discounted to a present value using a <u>predefined discount rate structure</u>.”)</p> <p>See also, claim 70 (“...generating a <u>net present value bid</u> using a <u>predefined discount rate structure</u> ...”)</p> <p>Column 650 is entitled “Year of Contract,” and includes dollar amounts for each contract year and for each line item.</p> <p>For each line item shown in Fig. 6, the value in Year 1 of the contract (column 651) corresponds to the quantity per year value (column 630) multiplied by the bid price per unit (column 640).</p>
<p>has other formulae included in the table The payment for Year 2 of the contract for line item #1 equals \$500,000 (i.e., the payment for Year 1) multiplied by (1 - 0.05) (i.e., the discount rate for Year 2) = \$475,000; the payment for Year 3 of the contract for line item #1 equals \$475,000 (i.e., the payment for Year 2) multiplied by (1 - 0.04) (i.e., the discount rate for Year 3) = \$456,000, and the payment for Year 4 of the contract for line item #1 would be \$456,000 (i.e., the payment for Year 3) multiplied by (1 - 0.03) (i.e., the discount rate for Year 4) = \$442,320.</p> <p>The multi-year <del>cash-flow</del> pattern data generated in columns 651-654 is then converted into a NPV bid using a predefined discount rate. In the example of Fig. 6, the NPV value for each line item in column 660 equals the sum of the Year 1, Year 2, Year 3 and Year 4 values for that</p>	<p>Each of the contract year values (columns 651, 652, 653, 654) and discount percentage values (columns 561, 562, 563) recited are shown identically in Figs. 5 and 6.</p> <p>See, e.g., page 11, lines 14-18 (“...An example of this scenario is <u>net present value (NPV) bidding</u>, where parameters specifying multi-year contracts are converted into a total NPV bid. The total NPV bid represents a <u>sum of a series of payments over multiple contract years</u>,</p>

<p>line item discounted to a net present value using a predefined discount rate.</p> <p></p> <p>The summation of the individual line item NPV values in column 660 yields a total NPV bid for the lot of products.</p>	<p><u>which are discounted to a present value using a predefined discount rate structure.”)</u></p> <p>See also, claim 70 (“... generating a <u>net present value bid</u> using a <u>predefined discount rate structure</u> ...”)</p> <p>See also columns 650 and 660 in Fig. 6.</p> <p>The phrase “Total NPV Bid” appears at the bottom of column 660.</p>
<p>The NPV bid history graph of Fig. 7 is a graphical illustration of the value and timing of the NPV bids that have been submitted.</p> <p>The NPV bid history table of Fig. 8 is a listing of the NPV bids in descending numerical order.</p> <p>The total NPV bid of \$7,376,916 calculated in Fig. 6, corresponds to the bid by Supp City Corp. that was submitted at 1:31 PM as shown in Fig. 8.</p> <p>This bid is reflected by point 701 in the NPV bid history graph of Fig. 7.</p>	<p>The top of Fig. 7 states “NPV Bid History Graph.” The y-axis is labeled “NPV Bid Amount,” and the x-axis is labeled “Bid Times.”</p> <p>Fig. 8 shows NPV bids (last column) over different times (middle column) from different bidders (first column.) The information is shown in table format, and in descending numerical order.</p> <p>The fifth line of the table in Fig. 8 shows that “Supp. City Corp.” placed an “NPV Bid” of \$7,376,913 at 1:31 PM. The “Total NPV Bid” shown in column 660 of Fig. 6 is \$7,376,913.</p> <p>See point 701 on Fig. 7, which is located at the “Bid Time” of 1:31 and at a NPV Bid Amount of \$7,376,913.</p>
<p>New Abstract</p> <p>A method and system for an electronic auction is described. Bids by participating bidders are specified over multiple contract term segments (e.g., years), and define a pattern of cash payments over time. The auction system converts the defined pattern of cash payments over time into a net present value bid. The net present value bids are used to effect a comparison between participating bidders.</p>	<p>See, e.g., original claims 69-70, (“A method of participating in an <u>electronic auction</u> between a plurality of potential <u>bidders</u>, the plurality of potential bidders competing for a lot having at least one product, comprising the steps of: (a) <u>receiving bid information from a bidder</u> for said lot; (b) <u>generating a transformed bid using at least said bid information</u>; and (c) transmitting transformed bid</p>

	<p>information to an auction server, <u>said transformed bid information enabling said auction server to generate a relative comparison of bids</u>, originally defined in one or more bidder-specific contexts, on a common competitive basis; wherein step (b) comprises the step of <u>generating a net present value bid</u> using a predefined discount rate structure and received multi-segment bidding parameters, <u>said net present value bid representing a sum of a series of payments over a plurality of contract term segments</u> which are discounted to a present value using said predefined discount rate structure. “)</p>
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